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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 000454

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SUBJECT: PRESIDENT ARROYO COMMITTED TO PEACE PROCESS,
MIFFED AT POLITICAL SNIPING

Classified By: Ambassador Kristie A. Kenney, Reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: In a lively and wide-ranging February 21 meeting with President Gloria Macapagal Arroyo, she exhibited an especially keen interest in my February 19 trip to Mindanao to visit Moro Islamic Liberation Front (MILF) leader Murad Ebrahim. I told President Arroyo that Chairman Murad had asked me to convey to her that the MILF wants a peace agreement as soon as possible; that -- despite reports -- the MILF is united; and that they are concerned that political "noise" in Manila might distract the administration's focus from negotiations. The President underscored her administration's enthusiasm for a peace agreement, and responded positively to the idea that a face-to-face meeting between herself and Murad might be helpful. Arroyo expressed her frustration at ongoing political scandals, explaining her plans to counter such negative publicity with a series of public addresses. She offered appreciation for U.S. assistance in intelligence-sharing and in publicizing the advantages of free trade. END SUMMARY.

¶2. (C) At her request, I went to the Palace today to meet with Philippine President Arroyo. President Arroyo, who was joined by Foreign Secretary Alberto Romulo and National Security Advisor Bert Gonzalez, eagerly sought details of my meetings with Chairman Murad at the MILF's Camp Darapanan headquarters (septel). She was surprised to learn that the MILF's entire expanded Central Committee was present, including MILF vice chairman Aleem Mimbanatas, whom she had earlier told me was alienated from Murad. I outlined Chairman Murad's eagerness for a final peace agreement with the government, his expression of the MILF's willingness to move together with the other main Muslim faction, the Moro National Liberation Front (MNLF), and how he had opined that "time was not in his favor." I related that Murad voiced concern that Manila's perennial political scandals might have distracted the administration, as well as his worries over rumors he had heard, during peace negotiations in Malaysia, of division within Arroyo's Cabinet over the peace process. The President emphatically responded that her side was equally eager to achieve a final peace agreement, and that the only term with which the Cabinet was still struggling was "self-determination." Arroyo offered that the Malaysian facilitator of the negotiations Datuk Othman was promoting inaccurate ideas in the minds of MILF representatives and raising issues that were irrelevant.

¶3. (C) I described how, in answer to a spur-of-the-moment question of whether Murad had ever met President Arroyo, Murad had pointed out a photograph on his table showing himself with Arroyo during her term as Vice President, adding that he would welcome the chance to talk directly in some neutral venue. The President reacted immediately, turning to NSA Gonzalez to ask how best to go about setting it up. I went on to outline to the President how I had raised U.S. concerns to Murad that terrorists were seeking refuge in

MILF-controlled territory; Arroyo agreed on the importance of excluding rogue terrorist elements from the area. The President acknowledged her gratification at the recent arrest of Jemaah Islamiyah operative Latif, and inquired as to how soon we might be able to confirm the identity of a body recovered February 18 that is believed to be that of Bali bomber Dulmitan. I explained that the FBI's DNA analysis might take a couple of weeks. Arroyo thanked me for U.S. provision of additional information on threat streams relating to recent threats against her and other targets.

¶4. (C) Turning to current political issues, President Arroyo commented that she was "not distracted, but annoyed" at the continuing controversy over last year's failed NBN-ZTE deal to create a digital broadband network. I asked Arroyo whether further tit-for-tat public arguments over the matter were helpful, suggesting that the administration might instead be better served by drawing attention to its accomplishments in other areas. Arroyo responded that she planned to undertake a series of brief "state of the nation" addresses in the near future in an effort to refocus on the government's overall success in moving the nation forward. She also expressed appreciation for the Embassy's having organized a USTR-led video teleconference to discuss the issue of free trade.

¶5. (C) Lastly, in response to the President's inquiry as to how bilateral Balikatan humanitarian military exercises were proceeding thus far in Mindanao, I said that although the exercises were moving ahead fine, several Mindanao leaders had told me of their frustration at what they perceived as a lack of consultation beforehand. Arroyo turned to Security Advisor Gonzalez and said, "We need to fix that," tacitly acknowledging that the Philippine government and armed forces had not adequately prepared the ground for the very sensitive

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issue of deploying even a small number of U.S. forces in Mindanao. I said we continued to be worried about force protection for our troops on Jolo and were working closely with the Philippine armed forces and police to keep our forces safe. The President reacted strongly, saying, "We can not have anything happen to the U.S. troops," and instructed NSA Gonzales to make this a priority.

¶6. (C) Comment: The President was strikingly eager for information about my visit with Murad, a meeting she herself had encouraged previously as a way to demonstrate international commitment to stability in Mindanao. There was no mistaking her staunch commitment to the peace process, and her strong interest in exploring a meeting with the MILF chairman herself, a move which could make a striking change in both the tenor and pace of the so-far fitful negotiations.

Equally notable was her reaction to the continuing corruption charges that afflict her administration. While she is clearly bothered by the constant charges, she seemed to determined to fight back, not give in.

KENNEY